

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on March 7, 2001 at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: **HB 2**
Executive Action: **HB 2**

HEARING ON HB 2**EDUCATION**

Rep. John Witt introduced Section E of HB 2 and praised the subcommittee and staff that worked on Education. He explained **EXHIBIT (aph52a01)**.

School for the Deaf and Blind

John Kinna, Superintendent, School for the Deaf and Blind spoke of the Education Department, Outreach, and Travel.

Rep. Witt referred the committee to the chart. (EXHIBIT 1) The general fund increase is the result of two new proposals. There is an additional \$69,420 to increase the salaries of the interpreters and there is an additional \$60,000 to purchase 30 replacement computers during the 2003 biennium.

Rep. Peterson commented on the increases for the interpreters. Those salaries were \$13,000 per year and deserve an increase.

Rep. Lindeen asked if the \$60,000 for computers is a one time only purchase? **Rep. Witt** said yes.

Rep. Callahan asked about the global amendment to decrease travel by 25% and how it will effect this school that has transportation requirements. **Bill Sykes, Business Manager, School for the Deaf and Blind** said the reduction of \$14,801 per year would have to come out of the Education Program and the only travel budget they have in that program is for Outreach Consultants that assist school districts around the state that have deaf and visually impaired students enrolled and there are five positions that travel the state to assist districts. **Rep. Callahan** asked if those five people would no longer be able to travel to every corner of the state? **Mr. Sykes** said it is very important they maintain that program because most districts do not have the technical expertise to serve the students that are enrolled. So they would be forced to try to find that money somewhere else in the budget.

Rep. Fisher asked if that is a 1% decrease or \$14,000? **Mr. Sykes** said it was 25% that would effect the travel budget or \$14,801 per year.

Rep. McCann recalled the global motion amendment and they would have to be somewhat sensitive and receptive to the impacts of that motion. This is an example of where their intentions are

good and they should stick with them but they may have to make some adjustments.

{Tape : 1; Side : A; Approx. Time Counter : 0.1 - 23.6}

Rep. Witt said he understands **Rep. McCann's** concerns about the global amendment. He is aware that certain smaller budgets' impact will be far greater than others and so he would agree to an adjustment.

Rep. Lewis referred to the \$14,000 per year figure, saying the total budget is \$3.6 million and he would have to be convinced that they can't come up with \$14,801 per year off of a \$3.6 million annual budget.

Rep. Buzzas asked about the utility costs and the impact on their budget. **Mr. Sykes** said their utility budget for the current year is a little over \$94,000 and as of February they are \$20,000 over-expended on that budget. **Rep. Buzzas** asked if the additional \$14,801 would have to come out of the Educational budget? **Mr. Sykes** said yes. The majority of the \$3.6 million is in personal services and it cannot be transferred down to increase the operating budget.

Rep. Witt referred to the subcommittee's trip to the School for the Deaf and Blind and were very impressed by the efficiency shown there.

Rep. Lindeen said she agreed with **Rep. Witt's** comments "because of technology they can begin to decrease the amount of travel used", but because of the nature of the disabilities of some of the children that these folks go out and visit, is technology not, at this point in time, always friendly towards disabilities? How much can these children utilize technology as opposed to someone coming to see them face to face? **Mr. Sykes** said it is very difficult to connect up with school districts to be able to see these children in action and quite often, especially with blind or deaf children who may have other handicapped conditions, they need to be face to face.

Motion: **REP. MCCANN** moved that **CONCEPTUAL AMENDMENT FOR THE DEAF AND BLIND TRAVEL, MAKE UP HALF OF \$7,090 PER YEAR TO TAKE FROM THE MONTANA ARTS COUNCIL GENERAL FUND.**

{Tape : 1; Side : A; Approx. Time Counter : 0.1 - 31.3}

Discussion: **Rep. Peterson** stated he would support this amendment and his reasons.

Rep. Buzzas spoke to the amendment saying that these positions are very important and very critical because these are things that cannot be done over the Internet, however, she cannot support taking the money out of the Arts Council Budget.

Substitute Motion: **REP. BUZZAS** made a substitute motion to reinstate **\$14,801.00 GENERAL FUND**.

Discussion: **Rep. Kaufmann** spoke on the amendments stating she will support the substitute motion of **Rep. Buzzas** and how the global travel amendment motions will effect many programs.

Rep. Lewis spoke against the substitute motion stating that as worthy a cause as it is, he is afraid to give an inch.

Rep. Buzzas closed on her substitute motion.

Vote: **Rep. Buzzas** substitute motion to reinstate travel fund (\$14,801) general fund **FAILED 6-12** with **Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick** voting no.

Discussion of Original Motion:

Rep. Lindeen asked for clarification on the original motion and how much the Arts Council needs the new equipment listed in their budget? **Carleen Layne, Accountant, Montana Arts Council** said all of their computers are 4 to 8 years old. They upgraded once without replacing the equipment and they do try to utilize technology in order to save funds, but some of their equipment is older than what is recommended so the replacement of some equipment is very important to them. **Rep. Lindeen** asked what the network server and printer are used for other than day to day running of the operation. **Ms. Layne** said they do a lot of communication with their constituents. They maintain close to 10,000 member data-base in the grants management system. They are required to report to the Federal Government in detail on grants. **Rep. Lindeen** spoke to the motion stating the Arts Council could probably continue to get by and maybe find other funding sources for that equipment.

Rep. Buzzas asked how the \$7,090 reduction will impact the Arts Council budget? **Arlynn Fishbaugh, Director, Montana Arts Council** said their budget is very tight. They are still undergoing a lot of the stresses that began in 1997 when they took a 40% reduction in their federal funding. That netted out about \$1.5 million loss. **Rep. Buzzas** spoke against the amendment.

{Tape : 1; Side : B; Approx. Time Counter : 0,1 - 15.7}

Substitute Motion: Rep. Kaufmann moved a substitute motion to take the equal amount that is in the McCann amendment from the National Guard Youth Challenge Program. DO PASS.

Rep. Vick pointed out that since they have closed Section D of HB 2, a motion is needed to open Section D for the purposes of an amendment. Rep. Kaufmann withdrew her amendment.

Rep. Witt commented on the McCann amendment asking if it designated general fund. Rep. McCann stated it comes from the Arts Council general fund.

Rep. Jayne asked for clarification on why they can't open Section D now that it is closed. Rep. Vick stated that it is not that they can't go back, it is just procedurally, they need a motion to reopen that section which would be a separate vote. Rep. Jayne asked when it goes to the House Floor does someone have to open that section up for purposes of doing an amendment on the Floor of the House? Rep. Lewis stated that they just go through it one section at a time on the House Floor. Rep. Vick stated that when he opens on the Bill all sections are then opened and explained what happens as they go through the Bill.

Substitute Motion: REP. FISHER made a substitute motion TO TAKE \$7,090 DIRECTLY OUT OF THE GENERAL FUND DO PASS.

Discussion: Rep. Lindeen commented on the procedure and the process.

Rep. Vick said when they started this process he made the comment that if there was an amendment that effects two sections it needs to be done in the first section that they come to. That was the point so the committee would be aware of the procedure. He did talk about global motions and motions that affected more than one section, it doesn't mean they can't go back. If it is not a rule in writing, the rule is as the Committee Chairman says. If a rule is appealed, it is appealed to the Chairman and that is where it ends unless a rule is in writing, it is appealed to the Rules Committee.

Rep. Lindeen pointed out, unless the members of the committee are willing to allow them to open up previous sections that have been closed, they are actually being unfair to members of the committee to make changes to the last section of the budget.

Rep. Vick followed up by saying that if they have an amendment, he will let them make their case for the amendment and then they

can make the motion to open the section. If you can't get the section opened you probably can't get your amendment passed but the opportunity will be there.

Rep. Fisher closed on his amendment.

Vote: **Rep. Fisher** substitute motion to take \$7,090 directly out of the general fund PASSED 12-6 with Reps. Lewis, Brueggeman, Clark, Davies, Pattison and Vick voting no.

Motion: **REP. JAYNE** moved to RE-OPEN SECTION D OF HB 2 DEPARTMENT OF MILITARY AFFAIRS DO PASS.

{Tape : 1; Side : B; Approx. Time Counter : 0.1 - 29.9}

Substitute Motion: **REP. JAYNE** made a substitute motion to TAKE \$7090 FROM THE YOUTH CHALLENGE PROGRAM for TRAVEL FOR THE SCHOOL OF THE DEAF AND BLIND. (This motion will be offered if above motion to re-open Section D passes)

Discussion: **Rep. Witt** said he felt they were opening up a very dangerous trend and are getting into a situation where the budgeting process could go on and on so he will oppose the motion.

Rep. Buzzas spoke on the amendment and the rules.

Rep. Jayne closed on her motion.

Rep. Vick made a point of personal privilege. He did not decide that he is the judge and the appellate, these are the House Rules and not his decision. They can appeal to him, that is also part of the House Rules and he basically told the committee how he would rule, but he did not set up those rules, he is only following them. That is a process that is set up.

Vote: **Rep. Jayne** motion to reopen Section D of HB 2, Department of Military Affairs FAILED 8-10 with Reps. Lewis, Clark, Davies, Fisher, Haines, Kasten, Pattison, Peterson, Witt and Vick voting no.

Board of Education

Wayne Buchanan, Board of Public Education said this is a Constitutionally established Board which is mandated in the Constitution that the Board of Public Education exercise general supervision of the schools as opposed to specific supervision of the schools. Board of Public Education exercises its general

supervision of the schools in two ways. First is the school accreditation standards and sets those general programs and policies that courts must have in order to be effective. The other function is to establish teacher certification and other educator certification. It exercises this through the adoption of policy. It exercises the certification function of the Board of Public Education by establishing the teacher preparation programs in the schools of higher education.

The Board has two staff given directly to the Board and in 1989 this group established a council, the Montana Certification Standards and Advisory Council.

Rep. Vick referred to a letter he received from a parent whose child never got a history class. How does something like that happen and how does the Department check on it? **Mr. Buchanan** said the Board has general requirements in each one of the areas. If the school did not offer a history course then this should appear on the Fall report that is given to the Office of Public Instruction. The specific implementation and enforcement by the administration are accreditation standards. The Board promulgates the rules. Those other functions are performed by the Office of Public Instruction.

Motion: **REP. PETERSON** moved that **AMENDMENT HB000206.APJ DO PASS. EXHIBIT (aph52a02)**

Discussion: **Rep. Lewis** said that he supports the amendment.

Rep. McCann had a question concerning the source of the revenue. **Rep. Peterson** said he will be offering an amendment later to look into discretionary travel funds from the educational institutions of higher learning in the state and from that amount could get \$6,000. **Rep. McCann** asked if it would be appropriate to strike the general fund language and just give authority? **Rep. Peterson** said we do need an appropriation.

Rep. Witt said it is going to take a committee bill to establish the Montana Education Coordinating Committee. **Rep. Peterson** said yes, this is a conceptual amendment and will not be in effect unless this bill is passed as a committee bill.

Rep. Buzzas asked if this requires \$6,000 or any money? **Mr. Buchanan** said they do have with the Board of Education, a K-16 committee that has already been established and that this amendment will allow an additional council to the Board of Education for the purposes of coordinating and those kinds of things. **Rep. Peterson** said in his conversations with the community college presidents, the communication is few and far

between and there is little communication between the private and the public sectors and he would urge this is really needed.

{Tape : 2; Side : A; Approx. Time Counter : 0.1 - 21.8}

Rep. Kaufmann asked for clarification about the process and interpretation.

Rep. Vick said it was his intent that if you had an amendment to put money in, in that same amendment they had the money to take it out, not some promise down the road that they would find it because they don't know if that amendment will pass and asked

Rep. Peterson to withdraw his amendment until a vote can be taken on the cut. **Rep. Peterson** withdrew his amendment, pending the approval of **Rep. Lewis'** amendment.

Motion: **REP. LEWIS** moved that **AMENDMENT 5101-1RBG.DOC DO PASS.**
EXHIBIT (aph52a03)

Discussion: **Rep. Buzzas** asked if the money is being taken from the Board of Education's review of the OPI state improvement standards and membership dues for the Board of Education? She opposes the motion. **Rep. Lewis** stated that he is not offering this amendment to fund the previous motion because he was not aware of the previous motion. He is doing it for two different reasons; (1) They have been asking for the NASBE dues for 30 years and they have never been funded before. (2) They are above the Governor's budget on the recommendation concerning the standards. There is not a cause and effect on this particular amendment.

{Tape : 2; Side : A; Approx. Time Counter : 21.8 - 30.1}

Rep. Witt said that OPI is going to adopt these standards anyway and believes the Board is going to review them. **Mr. Buchanan** said the Board of Public Education adopts the standards. The Office of Public Instruction would administer those standards in the public schools. They would see that the public schools comply with those standards.

In 1989 the Board of Public Education offered up its dues to the National Association of State Boards of Education (NASBE) as a cross cutting measure. It has been since 1989 they have been trying to get the dues back. It is important that the Board of Public Education have access to information from outside of Montana and an ongoing relationship with other Boards.

Rep. Lindeen asked, if they have not paid any dues to NASBE prior to 1989, are they even a member? **Mr. Buchanan** answered that is correct.

Substitute Motion: REP. LINDEEN made a substitute motion TO SEGREGATE AMENDMENT 5101-1RBG.DOC AND CUT THE DUES IN HALF TO NASBE.

Discussion: **Rep. McCann** asked for an explanation of the dues. **Rep. Lewis** said in most cases, you are basically paying for the staff of a national organization. **Mr. Buchanan** said essentially that is true. There are some workshops and a couple meetings a year that NASBE provides in which they do pay to have members attend.

Rep. Tropila asked how many states have a Board of Public Education? **Mr. Buchanan** believed that all fifty states have a Board. **Rep. Tropila** asked the OPI about the amendment being offered. **Linda McCulloch, Superintendent, Office of Public Instruction** said they need to remember they only have one Board of Public Education as does each state so a lot of the information that comes back into Montana makes the State function better and that the NASBE dues dollars would be well spent as they can't always do the research on their own. Review of the State Accreditation Standards, the body that puts together and does the work, is the Board of Public Education that gives them the direction for those standards and ultimately approves the standards and lets them know how to put them in place for the schools that function in Montana. They could function much better and successfully if they didn't have the amendment.

Reps. Witt and Haines spoke against the substitute motion.

{Tape : 2; Side : B; Approx. Time Counter : 0.1 - 13.9}

Rep. Buzzas spoke in favor of the substitute motion.

Rep. Lindeen closed on her substitute motion.

Vote: Rep. Lindeen substitute motion to fund one half of the dues to NASBE \$7,500 per year FAILED 5-13 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Tropila, Witt and Vick voting no.

Motion: REP. LEWIS moved AMENDMENT 5101-1RBG.DOC SEGREGATED TO REDUCE \$15,000 PER YEAR TO ZERO FOR DUES TO NASBE DO PASS.

Vote: Rep. Lewis amendment 5101-1rbg.doc segregated to reduce \$15,000 per year to zero for dues to NASBE PASSED 13-5 with Reps. Buzzas, Callahan, Jayne, Kaufmann and Tropila voting no.

Motion/Vote: REP. LEWIS moved that AMENDMENT 5101-1RBG.DOC SEGREGATED WITH THE REDUCTION OF \$7384 IN GENERAL FUND AND \$616 STATE SPECIAL REVENUE FUND DO PASS. Motion carried 11-7 with Reps. Buzzas, Callahan, Jayne, Kaufmann, Lindeen, McCann and Tropila voting no.

Motion: REP. PETERSON moved that AMENDMENT HB000206.apj DO PASS.

Discussion: Rep. Buzzas asked how he is going to replace that money into the general fund? Rep. Peterson said the money will come from the money just saved.

Rep. Peterson closed on his amendment.

Vote: Rep. Peterson amendment HB000206.apj PASSED 10-8 with Reps. Buzzas, Haines, Kaufmann, Lindeen, McCann, Pattison, Tropila and Vick voting no.

{Tape : 2; Side : B; Approx. Time Counter : 13.9 - 23.3}

Rep. Jayne asked to clarify her previous statement concerning going back into Section D. It was not a personal attack on Chairman Vick.

Committee members discussed procedural issues when opening Sections that are already closed.

Montana Arts Council

Arlynn Fishbaugh, Director, Montana Arts Council said they are the agency in state government that's charged with promoting the Arts. Their services reach every county and they reach almost 325 communities across the state. The Arts are an important industry in Montana and the significant impact it can have on Montana's economy. This sets the context for their proposal reviewed in the budget. The Agency's original request to the Governor was for an additional \$2.5 million in new general fund. With their current general fund at \$250,000 the increase request was significant and based on a need that was demonstrated by a major planning process they did across the state. The proposal recommended by Governor Martz and agreed to by the Education Subcommittee has roughly \$47,000 for the next biennium. It includes components that Governor Racicot and Governor Martz

believed would be most beneficial under what they knew would be tight budget constraints.

{Tape : 2; Side : B; Approx. Time Counter : 23.3 - 29.2}

{Tape : 3; Side : A; Approx. Time Counter : 0.1 - 3.6}

Motion: REP. BRUEGGEMAN moved that **AMENDMENT HB000204.ASC DO PASS. EXHIBIT (aph52a04)**

Discussion: Reps. Buzzas and Kaufmann spoke against the amendment.

Rep. Vick spoke for the amendment stating that they had received an increase of \$256,000, according to the budget, and this brings it back in line with some of the other increases that were given out.

Rep. McCann said that if they are going to make any adjustments in the funding of different projects that they want, this would be the day to do it. What this amendment needs is some direction for the money, whether general fund or some other source. **Rep. Brueggeman** said he is content to see this money go to the general fund balance. **Rep. McCann** asked what is the projected ending fund balance right now. **Rep. Vick** said they have reduced the spending in HB 2 about \$13 million of general fund. As of yesterday, they had added about \$6 million. When they started they had about \$12 million so now it is around \$32 million ending fund balance.

Rep. Davies asked if any of the appropriation bills will subtract from the ending fund balance. **Rep. Vick** said yes.

Rep. Buzzas spoke of her concerns about the ending fund balance.

Vote: Rep. Brueggeman amendment HB000204.asc PASSED 13-5 with Reps. Buzzas, Fisher, Jayne, Kauffman, and Tropila voting no.

Motion: REP. KAUFMANN moved **TO OPEN ALL SECTIONS OF HB 2** for the possibility of cutting funding in other areas besides just the Education.

Discussion: Rep. Vick stated that he would entertain that motion when they have a specific recommendation to reduce funding. If there is a motion to reduce funding in a particular program then he would like that motion to open that section when the motion is made.

Montana State Library

Karen Strege, Director, Montana State Library said the Library is governed by a Commission composed of five members appointed by the Governor, a librarian from the University System and the Superintendent of Public Instruction. The Commission governs two programs of the State Library. The first one is Statewide Library Resources and it has three departments. The first one is the Talking Books Library which provides tapes and other services to Montana citizens with vision disabilities and other physical disabilities. The Library and Information Services Department provides reference service and traditional library services to state employees, officials and the general public for specific requests. The Library Development Division advises and assists public libraries and helps all libraries.

The second program is the Natural Resource Information System (NRIS). It was established by the legislature in 1985 to prevent the duplication of information about the precious natural resources and provides state employees, officials and citizens with a library that has easy-to-use information.

Rep. Witt referred to EXHIBIT 1, budget increases which are primarily the result of subcommittee approval.

{Tape : 3; Side : A; Approx. Time Counter : 3.6 - 22.6}

Motion: REP. WITT moved that TECHNICAL AMENDMENT 5115-1RBG.DOC DO PASS. **EXHIBIT**(aph52a05)

Discussion: **Becky Graham, Office of Budget and Program Planning** said this is a technical adjustment to put the fund in the correct line so they are not part of the base next session.

Vote: Witt amendment carried unanimously 18-0.

Rep. Kasten asked about the decision to switch to the general fund instead of staying with the state special. **Dave Brown, LFA**, said the NRIS Program has some funding switches based on their federal funding sources and what they are attempting to do is stabilize that funding.

Rep. Lewis said this is a particularly large general fund increase for the Library. Are we backfilling lost federal funds for this NRIS project? **Ms. Strege** said that part of it is the loss of sub-funding from the super fund project that funded NRIS many years ago. That has been decreasing and the demand for their services are increasing and the Governor's Office under **Governor Racicot** and then **Governor Martz** had them change their funding to include two more resource agencies and so they asked for general funding in their budgets too. It is a very complex

funding structure and there is not one item that can be singled out. **Rep. Lewis** asked if they have less federal money in this biennium than last biennium. **Ms. Strege** said yes. **Kris Schmitz, Accountant, State Library** said the federal money, depending on grants, can fluctuate in one year about \$25,000 or \$30,000 and be down the next year. The ARCO money is the reason they had to re-assess the whole budget. About \$200,000 ARCO money has been taken out of the budget.

Rep. Kasten referred to the chart and the \$475,000 amount.

{Tape : 3; Side : A; Approx. Time Counter : 22.6 - 31.2}

Rep. Vick said if they are just using that chart, his understanding is there was \$30,000 in the bases in FY 2000. They added \$475,000 of federal special as a present law base adjustment for a total spending of \$505,000. **Ms. Schmitz** referred to the base budget and Legislative Contract Authority. That's basically \$475,000 or \$500,000 for authority. It is wiped out of the base budget and each year it's brought back up. If they get the contract in, they bring up the appropriation for the contract. If they don't, it just dies at the end of the year, unused authority.

Rep. Peterson said **Ms. Schmitz** indicated that the core customer base is expanding. What charges are they imposing on those? **Ms. Strege** said right now they don't charge their core customers, but do charge for contract work and value added services.

Rep. Fisher referred to the \$400,000 for new proposals and asked for an explanation. **Ms. Strege** said the Periodical Database program has been a successful program for years. The 1999 legislature approved the equal amount of money to fund a periodical database in each Montana library. Approximately 650 Montana libraries have participated in the project which is a cost share. They pay costs that are associated with their materials' budget to participate in the program. That gives them, the customers and those at home, access to thousands of magazines and periodicals that many libraries cannot afford on their own.

Rep. Lewis said basically, the extra general fund of \$400,000 went to two places; \$165,000 in the biennium for the Periodical Database and \$250,000 for grants to local libraries and that is what the new general fund in the library commission is for. **Ms. Schmitz** said she is sure of the first one. **Ms. Strege** said the only new proposal was the Periodical Database and the other base adjustments to the other grant are biennial appropriations and are at the exact same level as last session but they had to zero

out the second year and bring it back into the first year to equal out but there is no other increases in any grants.

Montana Historical Society

Arnold Olsen, Director, Montana Historical Society said they are one of those small agencies but operate a little differently than other agencies in that he is appointed directly by a Board of Trustees, fifteen trustees appointed by the Governor. They are the oldest state agency in government. The Historical Society was created in 1865 in Virginia City and became an actual state agency in 1891. Shortly thereafter, they moved into the basement of the Capitol building where they operated until 1950 when their present building was built and they now occupy.

Their responsibilities are to preserve into an indefinite future a representative selection of all historic resources. That includes art, records, books, photographs, oral histories, artifacts, journals, sites and buildings important to an understanding of Montana history.

They present and provide educational and public programs, reference services, exhibits, publications and interpret Montana's past to a broad public.

The third part of their roles and responsibilities by statute are to provide technical assistance to all organizations that preserve and interpret additional historic resources that help Montanans and visitors understand the region's past. There are over 200 Historical Societies in Montana and just about as many local museums.

They have not experienced growth over the years in terms of their FTE. They have less FTE now than they did in 1985. Space continues to be an issue but they have some of the best collections west of the Mississippi and are the envy of most states. They have over 100,000 people visit the museum each year, both residents and non-residents. There is an increasing interest in history.

Rep. Witt said the Montana Historical Society's 2003 biennium budget increased by \$433,501 in general fund or 13.4%; \$706,770 state special revenue fund, or 163.2% increase; \$725,743 in federal special revenue or 72.4% increase; \$185,656 in proprietary funds or 12.3%; new positions are 3.5 FTE. **Pages E31 and E32 of the Narrative.**

{Tape : 3; Side : B; Approx. Time Counter : 0.1 - 12.9}

Rep. Vick asked where the state special revenue comes from, particularly the increase? **Dave Brown, Legislative Fiscal Analyst** said that is mostly an accommodations tax shifted out of general fund.

Taryn Purdy said the accommodations tax is, essentially, statutorily appropriated from various places, the main one being the Department of Commerce which has discretion over a lot of the grants that they make. The subcommittee's action was mostly upon a recommendation by **Governor Martz** and then the subcommittee took a further action to replace general fund on the assumption that the Department of Commerce would provide some of the accommodations tax to the Historical Society to fund some of those functions. The statute provides some money to the Department of Commerce and so the Department of Commerce must then turn around and provide that funding to the Historical Society.

Rep. Lewis referred to (EXHIBIT 1) and asked where did the general fund go? Information will be given to him after study by the Committee.

Motion: **REP. BUZZAS** moved that **TECHNICAL AMENDMENT 5117-2RBG.DOC DO PASS. EXHIBIT(aph52a06)**

Discussion: **Becky Graham, Office of Budget and Program Planning** said there are two parts to this amendment. The first part would increase by \$4,017 in general fund per year. When the travel was calculated, it included one-time costs so the base was actually \$26,197. When 25% of that is calculated, it should be \$6,549. The second part of the amendment, 2,3,4 and 5 are just technical amendments.

Rep. Witt said that he is not opposed to the amendment.

Vote: **Rep. Buzzas technical amendment 5117-2rbg.doc PASSED UNANIMOUSLY 18-0.**

Pam Joebler, Legislative Fiscal Analyst, said she prepared the worksheet (EXHIBIT 1) at the request of the Chairman, **Rep. Witt** to provide the Committee with a biennial comparison for all of the Section E agencies by fund type. In the blue box, the 2001 biennium includes FY 2000 base expenditures. Base does not include budget amendments, statutory appropriations, one-time-only appropriations. Any expenditures from those sources are not included in base. Neither are they included in the FY 2001 appropriation. This includes HB 2 ongoing appropriations. These numbers came from **Terry Johnson, LFA**, who provided this

information to the legislature at the beginning of the session in Volume 1, the overall comparison report. The 2001 biennium information includes FY 2000 actual base and FY 2001 base appropriation.

The pink box is the FY 2003 biennium, subcommittee action only. That comes off of their budgeting system and reflects the subcommittee action, it does not reflect any action by the House Appropriation Committee. The yellow box is merely a mathematical calculation as is the green box to tabulate the percentage.

There are different ways of looking at comparisons. The biennial comparison, if there are increases in FY 2001 appropriations, will not be seen on the Tables (EXHIBIT 1), just the FY 2000 base amounts and then the amounts included in HB 2, FY 2002 and FY 2003.

Rep. Lewis said he understands what they did and that explains why he is having trouble finding the money because it was in the blue box and is characterized as a one-time-only.

Taryn Purdy referred to the ending fund balance by saying in addition to the \$12 million there was the endowment tax credit reduction in the cost of the fiscal note. So the beginning balance is \$16 million. The amount that House Taxation has currently added to the estimates is \$10 million. They are currently dealing with an amendment by **Rep. Somerville** that would add \$7 million and this is dealing with the individual income tax audits. This committee, as of last night, has taken \$13.77 million out of HB 2. That does not include an adjustment in one of the amendments that would actually correct an error in funding. They are actually about \$40 million without the **Somerville** tax amendment. That may come down given a change in the funding. If that change is included, they are about \$38 million ending fund balance.

{Tape : 3; Side : B; Approx. Time Counter : 12.9 - 28.7}

Office of Public Instruction

Linda McCulloch, Superintendent, Office of Public Instruction, said there are 160,000 children in Montana's public schools. Teachers in the classroom need resources and support provided by the Office of Public Instruction to help create local curriculums that are aligned to their state standards. Schools need support to administer the assessment tool which the Iowa Basic Standards Test to their 4th, 8th and 11th graders. They need to continue to provide Montana with a state-wide education profile to assess and constantly improve the quality and achievement of Montana's K-12

education system. It is her hope that the Committee will allow the Office of Public Instruction to accept federal funds for the Coordinated School Health Program. Montana is one of only five states that won this grant. They can do a lot with the \$1 million to help Health Education Programs in physical activity and nutrition. There are no matching state monies needed for this grant and there are no strings attached to it. This grant was written by Montanans and tailored to meet the needs of schools in Montana, especially the rural schools.

She hopes the Committee will agree that \$60,000 annually is a small price to pay to implement last Session's HB 528 now MCA 20-1-501 to recognize the distinct and unique cultural heritage of the American Indian. This proposal was supported by both **Governor Racicot and Governor Martz**. The implementation of HB 528 was mentioned in **Governor Martz'** State of the State Address.

It is much more efficient to have one person in the state provide curriculum, program materials and other resources for our classrooms in Montana than to expect each school district to provide this for their students.

Rep. Witt said the Office of Public Instruction increases by \$13.1 million general fund or 1.3% and \$64.1 million total funds or 5.6% in the 2003 biennium compared to the 2001 biennium. The general fund increases are primarily the result of six actions. Page E-2 of the Narrative.

Motion/Vote: **REP. LEWIS** moved that **TECHNICAL AMENDMENT HB000206.atp DO PASS. EXHIBIT (aph52a07)** Motion carried unanimously 18-0.

Discussion: **Rep. McCann** referred to the \$146,000, other revenues. (EXHIBIT 1) **Ms. Purdy** said the other revenues are proprietary funds for the Advanced Driver Education Program. It was changed from a state special revenue upon informal recommendation of the Legislative Finance Committee last session. It is entirely funded with fees charged to the participants in that program. **Rep. McCann** referred to the \$51 million federal money. Is it designated in one particular area? **Ms. Purdy** said there are a large number of federal grants that OPI receives. They spend some in the Administration Program. Most of them are passed on to the schools and included among those grants are Special Education Grants, IDEA Grants, Title I Grants, and others.

Motion: **REP. CALLAHAN** moved to **OPEN ALL SECTIONS OF HB 2** for the purpose of identifying funds to apply to an amendment.

Discussion: Rep. Callahan said he would like to appropriate \$2.5 million general fund annually to the Office of Public Instruction, state support for Vocational Technical Education. Currently there is \$715,000 divided among 155 school districts. That is about \$4600 each. The increase to \$2.5 million annually would add an additional \$16,000. Vocational Education is very important.

Motion: REP. CALLAHAN moved that AMENDMENT OLK\91HB2 AMENDMENT 9.DOC DO PASS. EXHIBIT (aph52a08)

Discussion: Rep. Buzzas spoke in favor of the amendment.

Rep. Lewis stated that a large portion of that money will come out of Section B because Public Health and Human Services is part of it, which will include Nursing Homes, Direct Care Providers, Direct Care Workers, services for the elderly, Children Protective Services and Medicaid match. It will not be easy to absorb without someone being hurt within the Human Services budget. As they went through that budget, they found no extra money there. This will translate into reduced services of some time, somewhere.

Rep. Jayne said we need money for those individuals in Human Services but also need money for students.

Rep. Buzzas addressed Rep. Lewis' comment stating this does hurt but this is what they have been asked to do, is go into other budgets. She feels this is less of an impact than the other global motions.

Rep. Lewis responded by saying the other cuts were specific to employees or travel. This will apply to Medicaid.

Rep. McCann asked if the money would be directed strictly into the schools for vocational education? Rep. Callahan said his intention is that it goes directly into those vocational programs.

Vote: Rep. Callahan motion to Open All Sections of HB 2 FAILED 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

Rep. Witt asked if it is appropriate to look at the \$51 million federal monies to see if they can generate the funds in that area. Jody Messinger, Division Administrator, Adult Education, OPI, said she cannot speak to the \$51 million federal funds but there are federal funds for current technical education and they

are very specific. Any federal funds do come with "strings attached". They can only spend it in a particular way, so that's really not a possibility.

Rep. Kaufmann spoke in favor of the amendment.

Rep. Lewis asked if this is only for high schools? **Rep. Callahan** said yes.

{Tape : 4; Side : A; Approx. Time Counter : 0.1 - 30.9}

Rep. McCann spoke against the amendment.

Rep. Fisher agreed with **Rep. McCann** and asked how many FTE would be needed and what would be the cost to maintain the program?

Ms. McCulloch said it is their intention, with this money, that it is passed directly to the schools using the same funding formula they used for the programs. There would be no overhead exposure at all.

Rep. Davies asked how much will the students be paid for attending these Vo-Tech Schools? **Rep. Callahan** said they will not be paid to attend the schools.

Rep. Lindeen said she disagrees with **Rep. Davies'** statement that as a State Government, we are teaching or training people for jobs that don't exist.

Rep. Kaufmann said that rural students are going to be looking for jobs within their home communities and choosing not to go on for higher education. Jobs such as ranching and farming are getting far more technical. These programs will definitely help rural communities.

Rep. Callahan closed on his amendment.

Vote: Rep. Callahan amendment OLK\91HB2Amendment9.doc FAILED 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

Motion: REP. VICK moved that TECHNICAL AMENDMENT HB000201.ajs DO PASS. **EXHIBIT**(aph52a09)

Discussion: Jim Standaert, Legislaative Fiscal Division explained the amendment. **EXHIBIT**(aph52a10)

Vote: Rep. Vick technical amendment HB000201.ajs PASSED UNANIMOUSLY 18-0.

Motion: REP. VICK moved that **TECHNICAL AMENDMENT HB000202.ajs DO PASS. EXHIBIT(aph52a11)**

Discussion: Rep. Witt opposed the amendment.

Mr. Standaert explained the amendment. **EXHIBIT(aph52a12)**

In response to a question from Rep. Fisher, Rep. Vick said the amendment, because there are 936 fewer students, lowers the amount of funding for that amount.

Rep. Witt stated that in the process they have gone through, he thinks it is appropriate that it should stay where it is.

Rep. Buzzas asked if this is being done on behalf of **Sen. Glaser's** Bill? **Rep. Vick** stated he didn't say anything about **Sen. Glaser's** Bill but did mention **Sen. Mood's** Bill, that there is a 0% and 3% increase in the school funding schedules and in HB 2 they put money in there to fund that bill at the enrollment projections they had in January. Enrollment projections have dropped since then so this still funds A and B at 0% and 3%, but because there are fewer students there is the potential for a \$1.9 million dollar savings and they still fully fund that percentage in the schedules.

Chuck Swysgood, Office of Budget and Program Planning said that when he spoke at the rally, the Governor had instructed him not to reduce the budget. **Rep. Buzzas** agrees that the budget should not be reduced and to go along with the work of the subcommittee.

Rep. Peterson spoke against the amendment.

Rep. Kaufmann asked the OPI Superintendent if this amendment is a surprise or something they expected? **Ms. McCulloch** said the amount of money, \$1.9 million, is based upon figures that they gave to the Legislature so they think the figures are accurate.

Rep. Witt said, as the subcommittee worked through the process, they knew they were working with the other numbers and felt that if there was this kind of drop it should stay. He opposes the motion.

Rep. Vick withdrew his amendment.

Rep. McCann asked **Ms. McCulloch** about the \$31 million and how did they arrive at that number? **Ms. McCulloch** said there was a projection that there would be X number of students for this biennium in Montana's Public Schools and in reality there were

enough fewer students to equal \$31 million that they will not disburse to public schools because there aren't that number of students so that was the amount of money that was saved. The \$1.9 million is that their projection was off and they were able to take the February count and give actual numbers so they know in addition to the \$31 million, \$1.9 million additional will be saved for the next biennium, due to declining enrollment.

Madalyn Quinlan, OPI, said the enrollment projections they were working with up until just last week, projected a 2800 student drop from FY 2001 to FY 2002 and a subsequent 2300 student drop from FY 2002 to FY 2003.

{Tape : 4; Side : B; Approx. Time Counter : 0.1 - 28.7}

In response to a question by Rep. McCann, Ms. Quinlan said when the budget is prepared, they look at the present law funding rates. If there is a declining enrollment, the cost of funding that new lesser student base would be the current funding rates. In FY 2002, the state will save \$11.5 million because of declining enrollment. If there is no funding increase given in the second year of the biennium, it is another \$18 million in savings because of declining enrollment.

Motion: REP. LEWIS moved that HB000210.atp DO PASS.
EXHIBIT (aph52a13)

{Tape : 5; Side : A; Approx. Time Counter : 0.1 - 4.4}

Rep. Buzzas asked how the money in this amendment is intended to be spent? **Rep. Lewis** said he has not had a chance to talk to **Rep. Mood** exactly what this mechanism is. He knows there is a mechanism in HB 121 for a grant distribution. The concern is that they want to make sure it is not in the base. **Rep. Buzzas** asked for a copy of HB 121 for more information. **Rep. Vick** said there are no block grants in HB 121 and what this amendment would do is enable them to do that. **Rep. Lewis** said, based on a discussion with **Rep. Mood**, there is \$2.4 million that could be set aside for funding HB 121. **Rep. Mood** said he would like to discuss it as a grant program rather than as a base builder. He would like to go ahead and set the money aside. It would seem more appropriate when HB 121 comes up to have further discussion.

Rep. Witt asked **Rep. Lewis** if this should be a one-time-only and reasons why it should or shouldn't? **Rep. Lewis** said based on the intent, he thinks that is what it is. **Rep. Witt** said he is concerned about a building base. **Mr. Swysgood** said, as the

amendment states, going into the base year 2002 and putting the money there, it does not, in effect, increase what **Rep. Lewis'** amendment does in FY 2003. The next budget would be based on FY 2003 total amount of money. **Mr. Swysgood** cited an example using \$100 increments. **Rep. Lewis** asked **Director Swysgood** if he was suggesting the language wasn't necessary, to just go ahead and appropriate the money? **Mr. Swysgood** said yes.

Mr. Standaert explained the amendment, saying the money would be spent in FY 2002. That year is the base for the FY 2005 biennium and if the Committee makes it one-time-only, then they would remove the \$2.4 million when they are building the FY 2005 budget. If you do not make it one-time-only, they would then include it in the base budget for the FY 2005 biennium.

In response to a question from **Rep. Lewis**, **Mr. Standaert** said the grants could be dropped but it is not necessary. It could be put in the schedules or grant programs for their intended use.

Rep. Kaufmann asked **Mr. Standaert** if they, as a Committee, want this money to simply go into the formula to be distributed to schools, or is that formula amount restricted? **Mr. Standaert** said they could do it in that way. The problem would be that it is specifically for 2002 so the schedules are raised by say, .2%, that would then carry into 2003 and it would have to be spent again in 2003 but the 3% in HB 121 could be lowered to get that done.

Discussion: **Reps. Clark, McCann, Lindeen, Lewis, Vick, Kasten, Jayne, Buzzas** for clarification, comments and concerns.

{Tape : 5; Side : A; Approx. Time Counter : 4.4 - 24}

Substitute Motion: **REP. BUZZAS** made a substitute motion that **HB 2 BE AMENDED** to put \$2.4 million into HB 121 in its current form so that the increase would go to Basic Entitlement at ANB.

Chairman Vick asked **Rep. Buzzas** if she wants to strike the Block Grant portion and the one-time only language? He thinks she would want to put the \$2.4 million into HB 2 on the appropriate line. **Ms. Purdy** said it can't be tied to HB 121. She would need a change in the statute to increase those schedules in HB 121 by that amount. **Rep. Tropila** said he believes the motion could put the \$2.4 million into K-12 Base Aid line of HB 2 and that would solve it.

Ms. Purdy said if **Rep. Buzzas** formally puts in the Base Aid funding line, that does not have a corresponding increase in the

schedules necessary for them to actually spend it, because they can spend that line only if the schedules allow them to spend. It needs to have a corresponding increase in schedules in HB 121 in order for OPI to be able to spend that money as part of Base Aid to Schools. The Committee could put the \$2.4 million into HB 2 but it would need language that makes it contingent upon something happening in HB 121 that, in fact, increases the schedules by that amount.

{Tape : 5; Side : A; Approx. Time Counter : 24 - 29.5}

Rep. Lewis spoke against the **Buzzas** amendment. **Rep. McCann** asked **Rep. Buzzas** if she would be receptive to amending her substitute motion just to strike the Block Grants out? That would free it up so the districts can use the money as they see fit rather than just block grants. It's one-time money like ANB money. **Rep. Buzzas** said she would do that if it would accomplish what they want, but it won't. What it does with **Rep. McCann's** suggestion is leave it wide open.

In response to a question from **Rep. Fisher, Mr. Standaert** said "one-time-only" strictly means for that one year and it doesn't become part of the base for the next biennium.

Chairman Vick said all three of the school funding bills will be in this Committee. There are two in House Education now. If and when one or both of them pass out of the House Education Committee, they will have to come to this Committee because we have to coordinate the funding that's in them with the funding that's in HB 2. In the past, the funding has been in one of those Bills and not in HB 2 but it was decided to put the funding in HB 2 this time. He is more comfortable having the funding tied to HB 121 which is no longer under the substitute amendment so he will oppose the substitute amendment as well.

Rep. Buzzas closed by saying what her substitute amendment offers the Committee, is knowing what it is they are voting on and where they are putting the money for education.

Vote: The **Buzzas** substitute amendment failed 6-12 with Reps. **Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick** voting no.

Substitute Motion: **REP. MCCANN** made a substitute motion that **HB 2 BE AMENDED to strike block-grant language. HB 000210.atp**

Discussion: Rep. Kaufmann asked Ms. Quinlyn to respond. She said this sets aside \$2.4 million to fund HB 121 and the form how that is to be distributed is yet to be determined.

Rep. Callahan asked Rep. McCann if he would be willing to include the other two Bills that are currently active relative to school funding which are SB 70 and HB 31? This assumes that one Bill will pass. Rep. McCann said the amendment would be amended to say "school districts as provided in either HB 121, HB 31 or SB 70". After reconsideration, Rep. McCann placed the funds in HB 121, where it belongs. Rep. Buzzas asked, if technically, they are putting into HB 121 as it stands today? Chairman Vick said no, as they are just setting aside the money to be appropriated in HB 121 as they see fit. Rep. Buzzas said it doesn't say, "as they see fit". The substitute motion says "the \$2.4 million will be used for school districts as provided in HB 121." She feels they are speculating and asked how they could pass a legitimate motion?

Rep. Lewis said his interpretation would be that they are setting this aside for block grants and providing for HB 121. If HB 121 is amended to have block grants in it, the money can be spent. If not, the money cannot be spent.

Vote: McCann substitute motion failed 8-10 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, Peterson, Witt and Vick voting no.

Discussion: Rep. Kaufmann asked Ms. Purdy how can we put this money into block grants that are provided for in HB 121 when there are no block grants in HB 121? Ms. Purdy said essentially, the committee is doing a contingency appropriation. As Rep. Lewis said, this is for a particular purpose. If the condition is not met, the contingency is not met, then the funding, which is a line-item can only be used for that purpose. At this point, it is not restricted. If there are no block grants, the money cannot be spent. If there is not a restriction on the appropriation and if there are no block grants, OPI could move that source someplace else.

Rep. Jayne said because of the uncertainty of HB 121 she cannot vote on an unknown. HB 121 should be decided on its merit and should be decided separately from this.

Chairman Vick said, just as an explanation, we do vote on issues that are contingent upon a Bill's passage. One that comes to mind is Rep. Kaufmann's Bill which tried to put money into HB 2

for her Restorative Justice Program. It is not as nebulous or as unusual as some people make it out to be.

Rep. Callahan spoke against the amendment.

Rep. Lewis closed on the amendment by saying they would work on HB 121 in this committee. He suggested to those opposed, they take the \$2.4 million, set it aside in HB 2 with the language, work on HB 121 and subsequently work on HB 2 to make sure the two are in conjunction and move on.

Vote: Lewis amendment passed 13-5 with Reps. Buzzas, Callahan, Jayne, Kaufmann and Lindeen voting no.

Motion: REP. PETERSON moved that **HB 2 BE AMENDED.** OLK3\20HB2 5.doc **EXHIBIT**(aph52a14)

Discussion: Rep. Peterson explained the amendment which would implement a program that would enhance OPI's ability to provide support to school districts in their efforts to establish health education programs in physical activity and nutrition. Federal funds provide the support for this program under a five-year cycle with no current or future general fund commitment. He feels it will help teachers develop better resource materials, especially in rural areas.

{Tape : 5; Side : B; Approx. Time Counter : 0.1 - 29.7}

Rep. Brueggeman asked **Rep. Peterson** if this is one-time-only. **Rep. Peterson** said yes. At the termination of the grant the program ceases.

Rep. Peterson closed.

Vote: Peterson amendment carried 16-2 with Reps. Kasten and Pattison voting no.

Motion: REP. JAYNE moved that **HB 2 BE AMENDED,** OLK3\30HB2 amendment.doc. **EXHIBIT**(aph52a15)

Discussion: Rep. Jayne explained the amendment which would address the issues related to the implementation of HB 528. This amendment calls for no new FTE and a one-time-only funding. HB 528 was passed by the 1999 legislature. The language recognizes the cultural heritage of the Native American population in the state and in particular, the codification includes that the intent that all school personnel, which includes teachers, should gain an understanding and awareness of the Indian Tribes to help

them with their education endeavors. **EXHIBIT (aph52a16)**
EXHIBIT (aph52a17)

Reps. Fisher, McCann to Rep. Jayne for clarification and how the money would be spent. Rep. Jayne said there are three different areas the money would be used for: The first was the Development of Model Curriculum Guides for school teachers and that amount would be about \$60,000. The second area is the creation of a web-base professional development tool (instructional tool) to reach Montana educators, about \$13,000. The last area is funding to the Montana Advisory Council for Indian Education. This Board advises the Superintendent and her Board of Education. That amount is approximately \$22,000.

Rep. Carol Juneau, HD 85 said the difference between the Montana Indian Education, which is now Montana-Wyoming Indian Education Association, and Montana Advisory Council on Indian Education (MACIE) are two distinct groups. MACIE is appointed and works with the Office of Public Instruction and the Board of Public Education directly and they represent all Reservations, many educational organizations and a broad-based representation of various educational entities and organizations in the state, such as MSBA and MEA. All the Reservations are represented. MIEA, which is now the Montana-Wyoming Indian Education Association is separate. They have a conference each year and an annual election of a Board of Directors. It's not connected to any of the state institutions or any government institutions. It's a public group that meets without any direct ties.

Rep. Witt asked **Mr. Standaert** to speak on the "annually" section of the amendment. **Mr. Standaert** said "annually" is distinct from "bi-annually". The intent of the "annually" means is that in each single year \$60,000 can be spent, and if there is any left over, it can't be spent the second year. The "one-time-only" has nothing to do with that. "One-time only" means that for these two years, the money will be given one time. It can't be carried into the 2005 biennium and become part of the base.

Rep. Kaufmann spoke in favor of the amendment.

Rep. Witt asked **Rep. Lewis** if there would be federal money for this? **Rep. Lewis** said he didn't know enough about the education grant process. **Nancy Coopersmith, OPI**, said the federal funds that are available for Indian education are administered by the U.S. Department of Education as direct grants to school districts. The Office has no money to do centralized activities for Indian education.

Rep. Jayne closed on her amendment.

Vote: Motion on Jayne amendment failed 7-11 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, Pattison, Peterson, Witt and Vick voted no.

Motion/Vote: REP. BRUEGGEMAN moved that HB 2 BE AMENDED to amend Rep. Peterson's previous amendment to stipulate that the FTE for that appropriation be one-time-only. (EXHIBIT 14) Motion carried unanimously 18-0.

Motion: REP. TROPILA moved that HB 2 BE AMENDED, OLK3\60HB2Amendment 7.doc **EXHIBIT**(aph52a18)

Discussion: Rep. Tropila said his amendment is contingent on the passing of HJR 11 which was for the Little Shell, Chippewa Tribe and the landless Indians of the State of Montana. There are schools in Montana that have no educators. This will take \$100,000 of general fund money to get 1 FTE to prepare an Indian program for schools that have no Indian educator and develop a web-site. Funding can come out of HB 121.

Rep. Lewis said they did put \$5.2 million of TANF (Temporary Assistance to Needy Families) funds into HB 2 that specifically line-items for the Tribes, but most of it is in training and development of programs on the Reservations, in particular to assist people in getting off of the cash assistance system and getting into employment. He wondered if some of that \$5.2 million could be available to the Tribes to fund efforts such as this?

Linda McCulloch, Superintendent, Office of Public Instruction said she didn't know, personally, of any way of getting that money into this position. This was a position used for years for communications to the School Districts. With the 48% drop-out rate of Native American students in Montana, she would have to have some lee-way in order to do some work with this. A profile was started two years ago of students in Montana. They need to know what is working and what is not working in order to make some successes in those areas.

Rep. Kaufmann said they are talking about two different areas of money. This money would go to help school districts, which is not the same as tribes. There are Indian students in many school districts across the state. The efforts of the person in the Office of Public Instruction would apply state-wide and not just to Tribal entities.

Rep. Kasten referred to the funds that were set aside and wondered if the sponsor of the amendment would be amiable to looking into that as a funding source.

Rep. Jayne said the TANF funds that the tribes got during sub-committee action and also in HB 2, are basically restricted to students under TANF regulations and there are a lot of students that are not eligible for TANF and these monies that **Rep. Tropila** is offering would cover individuals that aren't covered by TANF. TANF was a one-time-only to be utilized by September, 2002. Of the \$44 million received from TANF funds not in FAIM Phase II-R, the tribes get .6%. They only got \$290,000 per year and with a high drop-out rate and unemployment, she would remind the committee that those figures still exist.

Rep. Lewis said he did not want to re-debate the TANF issue but was simply trying to explore the possibility of the fact that we are giving out \$5.2 million and a lot of it could be aimed at training. He wondered if there was any possibility of working with the school districts involved to see if there is money that can be freed up.

Rep. Tropila closed on his amendment.

{Tape : 6; Side : A; Approx. Time Counter : 0.1 - 30.9}

Vote: Motion on Tropila amendment failed on a tie vote 9-9.

Motion: REP. KASTEN moved that HB 2 BE AMENDED, HB000207.atp.
EXHIBIT (aph52a19)

Discussion: Rep. Kasten referred to the Education Section and said we are seeing a system that may need a little restructuring. More money needs to get back into the classroom. This amendment would take 2.75 FTE out of OPI and \$550,000 to go to the districts.

Bob Runkle, Director, Special Education, OPI, said the State Special Education Improvement Grant is a Federal Grant, a competitive grant that you have changed relative to health services. It is a program that is intended to help special education do a better job of coordinating its services with general education in helping prepare teachers to understand and work with our kids with disabilities. In terms of the FTE at the OPI, it is intended to make sure that special education data requirements from the federal government correspond and are coordinated with data collection designed for all schools and for all kids so that we are not having separate data elements and having to work double time to provide added data elements.

In response to a question from **Chairman Vick, Mr. Runkle** said this Grant is for five years. It is \$550,000 for each of the next five years. When the Grant ends, it will be before this

Committee as an issue, in terms of any continuation of those grants. That would be an issue five years from now. **Chairman Vick** said his concern is with enrollment dropping. Is there some way that we can take money that is spent in OPI Administration and get it out to school districts. As enrollment drops it seems they would need fewer staff at OPI to deal with the schools. **Mr. Runkle** said, as that pertains to this particular grant, it would not be possible inasmuch as the grant itself specifically stipulated the 2.5 FTE as a part of the award from the U.S. Department of Education. As it applies to staff, within the Division of Special Education, the numbers of children who are receiving Special Education services over time has actually increased every year. The U.S. Department of Education directs the OPI to be sure there is adequate staff to be able to monitor and to supervise those programs to fulfill their promise to the federal government that their federal funding will assure that all schools provide appropriate services to kids with disabilities.

Superintendent McCulloch said there are about 130 FTE working in the OPI, down from 200 so they have taken cuts. As funds decline in the local districts, that also means folks who deal with their curriculums, resources and tell them how to deal with new programs, also go by the wayside in schools. Their only hope is that someone in the state can help them with that.

If this money is not spent to help special education students and programs in the state, the money will go back to the federal government. There is not an option of taking this federal money and putting it down into the school level. When the money is gone, she will personally terminate the FTE.

Chairman Vick said he would oppose the amendment.

Discussion: Reps. Kasten, Buzzas, Tropila to Mr. Runkle for further clarification.

Rep. Kasten withdrew his amendment and offered another amendment.

Motion: REP. KASTEN made a motion that HB 2 BE AMENDED HB 000208.atp. **EXHIBIT** (aph52a20)

Discussion: Reps. Kaufmann, Jayne, Buzzas opposed the amendment.

Vote: Kasten amendment (EXHIBIT 20) failed 1-17 with Rep. Kasten voting yes.

Motion: REP. BUZZAS moved that HB 2 BE AMENDED,
OLK3\10HB2amendment 1.doc EXHIBIT(aph52a21) EXHIBIT(aph52a22)

Discussion: Rep. Buzzas explained the amendment from EXHIBITS and said what this amendment does is put back into the budget \$1.1 million to fund the continuation of the work started two sessions ago for school improvement.

Reps. Witt, Peterson opposed the amendment.

Ms. Coopersmith, OPI, said there is information from the Bush Administration to increase the testing requirements to do annual testing of grades 3 through 8. Discussion is just beginning and it will be a long way from knowing what will be funded. If, in fact, there is a requirement from the federal level, to test grades 3 through 8, Montana would have to add grades 3, 5, 6 and grade 7. Currently they are testing grades 4, 8 and 11.

{Tape : 7; Side : A; Approx. Time Counter : 0.1 - 30.1}

Discussion: Rep. Kaufmann spoke on the amendment.

Rep. Buzzas closed on the amendment.

Vote: Motion on Buzzas amendment failed 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

Motion/Vote: REP. BUZZAS moved that HB AMENDED,OLK\11HB2amendment 1a.doc EXHIBIT(aph52a23) Motion failed 6-12, without objection, vote from last amendment.

Motion: REP. HAINES moved that HB 2 BE AMENDED, HB000203.ajs
EXHIBIT(aph52a24)

Discussion: Reps. Haines, McCann, Kaufmann, Buzzas; Erik Burke
MEA-MFT;

Rep. Haines closed on amendment.

Vote: Haines amendment failed 8-10 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Kasten, Pattison, Peterson, Witt and Vick voting no.

Montana University System

Rep. Witt presented **Commissioner Crofts** who stated they received careful attention to their budget and he thanked the subcommittee

who gave him ample opportunity and a lot of flexibility to present his budget. He spoke of the concerns of the Montana University System and where they stand with their budget.

He spoke of their concerns with the ability to pay utilities. Expenditures for utilities in this biennium will run \$2.4 million over what was budgeted. Their projections for the next biennium suggest they will be \$6 million under-budgeted for the cost at that time. It is now the 52nd legislative day and their concern has deepened because the only thing that has happened with regard to utilities, is that a motion to add \$2.4 million budget supplemental to the University System in HB 3, failed in the subcommittee.

He is concerned about student financial assistance. A proposal was approved by the Governor for \$2 million increase in student financial assistance. That amounted to about \$1.8 million into the MTAP program, which is the basic state financial aid program. They also set aside in that \$2 million, about \$200,000 to use to help the needs of adding dentists in the State of Montana supporting students in dental hygiene and try to begin to address speech pathology.

The only state in the Region that has need-based aid from state government in Montana is South Dakota. They don't have any.

They are concerned about the role of the University System in economic development and a proposal that would have added \$800,000 into their budget to develop academic programs at the two-year level, Associate Degree and Certificate Programs. People who get into these programs, get through them quickly. They get jobs and over 90% of them stay in the state. They would like to develop more of these programs and need some help in doing it.

The pay plan adds to their concern because the pay plan, as it is currently structured, is based on half coming from tuition. Their calculations are, that if you consider how much they will have to do to increase spending to annualize the last pay plan and to fund half of the next one by tuition, those two steps alone will force them to tuition increases approaching 5% a year.

They are concerned about the 1% reduction in positions which, he believes, was miscalculated and will end up costing the University System another \$1.50 million.

What the University System needs to do with the \$22.3 million is first, replace a decline in 6 mill levy collections of \$5.8

million. That leaves \$16.5 million. Obligations against that sum of money are utilities; \$2.4 million in this biennium and

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some campuses may have to borrow money to pay their utility bills to get through the rest of the year. They are projecting \$6 million additional utility expenses in the next biennium. Those two total up to \$8.4 million. Half of the \$16 million is gone for utilities alone. Their projections have tended to be on the conservative side.

The pay plan from the last session will have to be annualized into this session, into the next biennium and that will cost \$8.3 million. As the current HB 13 is structured, the implementation of an added University System, will cost about \$20 million and about \$10 million is funded with General Fund. They have an anticipation of \$1.9 million of inflation in their ability to acquire library resources.

They are required to spend \$1.9 million educating new students that will come to the University System the next two years.

Determining the termination costs over the last three years, when employees have retired or resigned, they will project into the future, \$3.6 million in the next biennium.

He gave a total figure of \$41.8 million overall. For all the expenses he has discussed with the exception of the \$2.2 million for the agencies, all the rest fall within the category of current unrestricted. In current unrestricted there are two basic funding sources, state dollars and tuition. If tuition is increased 1% a year for each year of a biennium it generates \$2.7 million of revenue. These are resident students.

If the obligations are \$41.8 million and have \$16.5 million of increased state funding to pay for them, what is left over is about \$25 million and dividing that by \$2.7 million would be an annual tuition increase of 9.4%.

They are facing significant tuition increases and programmatic reductions. He gave an option of closing campuses to save money but doesn't feel that is a very good plan for the State of Montana.

EXHIBIT (aph52a34)

Discussion: Reps. Witt, Vick, Davies, Lewis to Commissioner Crofts for further clarification and explanation on research programs funded by federal money and research expenditures.

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Commissioner Crofts said he is looking at the policy with regard to indirect to move dollars from investments in research to paying some of the ongoing costs of the research they are doing, largely for the federal government. The state investment has not been very high. He has looked at pay-off in farming and ranching in some of the research projects there. **Chairman Vick** said most research grants are matched 10-1 on average and have varied greatly over the last four years.

Motion: REP. PETERSON moved that HB 2 BE AMENDED, HB000205.apj
EXHIBIT (aph52a25)

Discussion: Rep. Peterson explained his amendment.

Reps. Lindeen, Buzzas to Rep. Peterson for clarification

Substitute Motion: REP. BUZZAS made a substitute motion that HB 2 BE AMENDED including the Baker Grants and Community Colleges.

Discussion: Reps. Peterson, Buzzas, Witt.

Rep. Buzzas closed on the amendment.

Vote: The Buzzas substitute amendment failed 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

Discussion: Pam Joehler, Staff, said the concept of the amendment (Exhibit 25) was to reduce travel expenditures at the University units, the Colleges of Technology, and the experiment stations by 25% of the general fund portion and re-allocate that to fund an increase in community colleges and an increase in bigger grants. The reduction takes place in the lump-sum appropriation and reduces funds in experiment stations which are line-item appropriations. It re-allocates the money to the community colleges which is outside the lump-sum appropriation and it re-allocates some of the money to the bigger grants which is inside the lump-sum appropriation.

Discussion: Reps. Lewis, Lindeen, Jayne, Buzzas, Vick to Ms. Joehler and Rep. Peterson for further intent of the amendment.

Substitute Motion: REP. LINDEEN made a substitute motion that HB 2 BE AMENDED.

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Rep. Lindeen closed on her amendment.

Vote: The Lindeen substitute amendment failed 6-11 with Reps. Lewis, Brueggeman, Buzzas, Clark, Davies, Fisher, Haines, McCann, Peterson, Witt and Vick voting no. Rep. Tropila abstained.

Rep. Peterson closed on his amendment.

Vote: Peterson amendment passed 11-6 with Reps. Buzzas, Callahan, Jayne, Kaufmann, Lindeen, Pattison voting no. Rep. Tropila abstained.

Motion: REP. MCCANN moved that HB 2 BE AMENDED, HB000210.agd. EXHIBIT (aph52a26) EXHIBIT (aph52a27) .

Discussion: Rep. McCann explained his amendment by saying it is a pro-rated reduction within the Montana University system, all MUS programs. It generates \$323,482 per year and transfers it down to the Baker Grants, (Montana Tuition Assistance Program), MTAP.

In order for a Montana student to participate in this program, they have to be a resident and they have to have earned some income in the past calendar year. He firmly believes that if there is any additional revenue to be found they will put it in higher education.

Discussion: Reps. Buzzas, Lewis to Rep. McCann and Commissioner Crofts.

Rep. McCann closed on his amendment.

Vote: The McCann amendment passed 10-8 with Reps. Lewis, Brueggeman, Buzzas, Callahan, Davies, Haines, Jayne, and Kaufmann voting no.

Motion: REP. BUZZAS moved that HB 2 BE AMENDED, HB000207.apj. EXHIBIT (aph52a28)

Discussion: Rep. Buzzas explained the amendment.

Rep. Witt spoke to the Committee on what the subcommittee's actions and proposals were and if this amendment is necessary.

Rep. Buzzas closed on her amendment.

Vote: Motion failed 5-13 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, Lindeen, McCann, Pattison, Peterson, Witt and Vick voting no.

Motion: REP. WITT moved that HB 2 BE AMENDED, HB000211.apj.
EXHIBIT(aph52a29)

Discussion: Rep. Witt asked Ms. Joehler to explain the amendment. She said this amendment contains two pieces of language approved by the Education Subcommittee which she neglected to include in the draft copy of the Bill. She quoted from EXHIBIT 29.

Rep. McCann asked Ms. Joehler for further explanation.

Rep. Witt closed on his amendment.

Vote: Motion carried unanimously on Witt amendment. 18-0

Motion: REP. BUZZAS moved that HB 2 BE AMENDED, HB000208.apj.
EXHIBIT(aph52a30)

Discussion: Rep. Buzzas explained the amendment from EXHIBIT 30.

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Reps. Witt, McCann.

Rep. Buzzas closed on her amendment.

Vote: Motion failed 6-12 with Reps. Lewis, Brueggeman, Clark, Davies, Fisher, Haines, Kasten, McCann, Pattison, Peterson, Witt and Vick voting no.

Motion: REP. JAYNE moved that HB 2 BE AMENDED to restore \$4,000 to the School for the Deaf and Blind from the Board of Public Education.

Discussion: Rep. Jayne explained her amendment.

Rep. Jayne closed on her amendment.

Vote: Motion carried unanimously 16-0 with Reps. Haines and Pattison abstaining.

Motion: REP. KASTEN moved that HB 2 BE AMENDED, HB000211.atp
EXHIBIT(aph52a31)

Discussion: Ms. Purdy explained the amendment from EXHIBIT 31.

Rep. Kasten closed on his amendment.

Vote: Motion on Kasten amendment carried unanimously 18-0.

Motion: REP. HAINES moved that HB 2 BE AMENDED, SecE\MUS-HAC.doc
EXHIBIT (aph52a32)

Discussion: Rep. Haines explained the amendment as did Director Swysgood.

Reps. Vick, Lewis, McCann, Fisher, Kasten, Ms. Purdy, Haines, Peterson, Witt for clarification.

Rep. Haines closed on his amendment.

Vote: Motion failed on a tie vote 9-9.

Motion: REP. WITT moved to close Section E.

Point of Personal Privilege: Rep. Buzzas said before this Section is closed she felt the need to voice her concern. She felt she was "taken to the woodshed" earlier by the Chairman of this Committee for expressing her views on proceedings and she wanted to make it clear that she never made accusations based on personal belief against individuals. She has nothing but the highest respect for Rep. Peterson. When she speaks, she speaks to issues. Maybe those issues don't always agree with the Chair or other members of the Committee but she expects to have the same respect for her views.

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Vote: Motion to close Section E carried unanimously 18-0

Discussion: Chairman Vick asked Chuck Swysgood, Director, Office of Budget Program and Planning to speak on the energy situation at the University system.

Director Swysgood said there is a great deal of concern about the energy situation and the increased costs that are associated with those rising costs. The Budget reflects increases that are probably not sufficient. It is impossible to make a prediction that he would feel comfortable going forward with. It is his intention, as this Bill goes through the process, and as he considers the revenue estimate, whether there is any other available revenue above the \$40 million ending fund balance,

which is imperative. It is his decision at this point to address the energy situation through a supplemental process and pay on an as needed basis.

Motion: REP. VICK moved that HB 2 BE AMENDED, HB000203.atp.
EXHIBIT(aph52a33)

Discussion: Rep. Vick explained the amendment EXHIBIT 33.

Jane Hamman, Office of Budget Program and Planning explained the amendment. EXHIBIT 33.

Vote: Motion on Vick amendment carried unanimously 18-0

EXHIBIT(aph52a34), Montana University System Regents Fact Book.

Motion: REP. VICK moved to close B-P Section of HB 2, the Boiler Plate Section at beginning of the Bill.

Discussion: Ms. Purdy explained the Boiler-Plate section and to make sure the committee's intent is clear as to how these budgets are to be recorded and that is what is in the Boiler-Plate, legal niceties.

Vote: Vick motion carried unanimously 18-0.

Motion/Vote: REP. VICK moved that Section B-P be closed. Motion carried unanimously 18-0.

Chairman Vick opened the Section on Rates. (R-1) These rates were set by the subcommittees that dealt with these different agencies so they have been looked at and set by the subcommittees.

Discussion: Reps. Kasten, Lindeen, Brueggeman, Vick, McCann, Lewis. Greg DeWitt explained some rates that changed significantly.

Chairman Vick thanked his two sons for their help.

Motion: REP. VICK moved that HB 2 DO PASS AS AMENDED.

Discussion: Reps. Jayne, Vick, Lindeen, McCann, Tropila.

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Chairman Vick thanked the Committee for their hard work and summarized some of the things they had to deal with and the fact they could work together to get this Bill done.

Vote: Motion that HB 2 Do Pass As Amended carried 16-2 with Reps. Jayne and Kaufmann voting no.

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ADJOURNMENT

Adjournment: 9:45 P.M.

REP. STEVE VICK, Chairman

MARY LOU SCHMITZ, Transcriber

SV/MLS

EXHIBIT (aph52aad)